

Survey reveals alarming rise in financial abuse of the elderly

Seen as bigger problem than in the past; 'much worse'

By [Mark Schoeff Jr.](#) INVESTMENTNEWS

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Senior citizens are increasingly falling prey to financial scams and other abuses, according to a poll released Wednesday.



make them targets

Seniors' increased savings, diminished capacity,

Nearly 60% of the respondents — all professionals who work with the elderly — to an online survey conducted by [Investor Protection Trust](#) said that they deal with elderly victims of investment fraud “quite often” or “somewhat often.” Nearly every one of the 763 participants in the survey said that the problem of financial exploitation of the elderly is “very serious” or “somewhat serious” and 84% said it was getting “much worse” or “somewhat worse.”

The survey by the nonprofit included 76 state securities regulators and 77 financial planners, in addition to medical professionals, social workers, caregivers, law enforcement officials and legal experts, among others.

“Swindles targeting older Americans are a bigger problem today than ever before,” Don Blandin, president and chief executive of Investor Protection Trust, said during a conference call with reporters.

The organization has held 43 educational events across the country to train nearly 3,000 doctors and other medical professionals to detect when seniors are experiencing declining mental health that impairs their financial judgment.

“We want to head off financial swindles before the damage is done,” Mr. Blandin said.

The poll came out in advance of a White House meeting on elder abuse on Thursday.

Investment advisers and brokers are in a good position to tell whether an older client is declining mentally, according to experts on the conference call. Among the warning signs are strange behavior, neglect of personal appearance and hygiene, failure to pay bills, unusual risk taking and abruptly ceding control of their finances.

Advisers have an obligation to protect senior clients from financial exploitation, according to Robert Lam, chairman of the Investor Protection Institute and chairman of the Pennsylvania Securities Commission.

“They have a duty and responsibility to report [abuse] to the authorities, and they have some personal liability if they don't,” Mr. Lam said.

In Pennsylvania, he sees examples of elder abuse every week.

“The results are often devastating, depriving older Americans of the opportunity to enjoy their golden years,” Mr. Lam said.

About \$2.9 billion is lost annually due to elder financial abuse, according to a [June 2011 study](#) by MetLife Inc.

People over 65 are targeted by fraudsters because they've built a retirement nest egg.

“They have a lot more money, relatively speaking,” said Kathleen Quinn, executive director of the National Adult Protective Services Association. “Older people have done better financially than younger people, and that's a big temptation.”

Awareness of elder financial abuse has increased because scientists and other experts better understand the effect of declining mental acuity as people age, according to Robert Roush, director of the Texas Consortium Geriatric Education Center and Huffington Center on Aging. He likened the trend to the increase in attention to cancer and heart disease in the 1970s.

A key difference with aging is that its challenges eventually will affect everyone.

“Everyone realizes we're all in this together,” Mr. Roush said.

Golden years? Financial elder-abuse now epidemic

Nearly 60% of instances of mistreatment involve monetary exploitation; what's an adviser to do? By [Andrew Osterland](#) May 10, 2012 12:20 pm ET

The tabloid newspapers and bloggers like nothing more than a messy fight involving a wealthy family.



The 2009 trial of Anthony Marshall, the son of Brooke Astor, heiress to much of the Astor family fortune, was daily fodder for New York newspapers. So were the attempts by the daughter of Liliane Bettencourt, heiress of the huge L'Oreal fortune, to

petition a court for guardianship of her mother. Ms. Bettencourt, later diagnosed with Alzheimer's disease, was intent on making her photographer sole heir of her \$1.4 billion estate.

The highly publicized fights are the most obvious examples of a growing epidemic of elder abuse in the United States, said Cameron DeGuerre, an attorney with Peck Bloom LLC. Ms. DeGuerre, who focuses on trust and probate litigation, gave advisers at the National Association of Personal Financial Advisors conference in Chicago an overview of the problem.

Every year, somewhere between 500,000 and 5 million elders are abused, neglected or exploited by others. The estimated range of such crimes is wide, said Ms. DeGuerre, because the abuse is hard to define and because in many cases, it goes unreported.

“Elders can be afraid to report abuse, for a variety of reasons,” she said. “In many cases, they may depend on the abuser and fear reprisals from them. They may be afraid of being placed in a nursing home or dread the stigma of domestic violence.”

Indeed, in 78% of elder-abuse cases, the abuser is a spouse, a child or another relative of the individual, according to 2010 statistics from the Illinois Department on Aging. Mickey Rooney, for example, said he had food and water withheld from him by his stepson, who allegedly stole over \$400,000 from the actor.

Financial exploitation is the most-often-reported type of abuse (58%) and is often linked to emotional abuse. In many cases, the abuse is committed by a family member who has been given the power of attorney or been appointed guardian for the individual.

“If a family member takes offense at not being appointed guardian or being given power of attorney, beware,” Ms. DeGuerre said.

For financial advisers who may suspect a client is losing their capacity to make decisions for themselves, they should communicate their concerns to family members and/or friends of the individual, as well as legal representatives, Ms. DeGuerre said. If they suspect abuse is occurring, the situation can be doubly frustrating, as action on their part could result in their dismissal by a family member or guardian.

With the 77 million baby boomers now entering retirement age, the situation is likely to get a lot worse.